

# AGENDA

Water and Wastewater Financing Board

May 13, 2010

10:00 am

Room 31, Legislative Plaza

(6<sup>th</sup> Avenue between Charlotte Avenue and Union Street)  
Nashville, Tennessee

Call to Order

Approval of Minutes

Cases:	City of Alcoa	Blount County
	Town of Vonore	Blount/Monroe Counties
	City of Gatlinburg	Sevier County
	Town of Mason	Tipton County
	City of Decherd	Franklin County
	Town of Huntland	Franklin County
	City of New Johnsonville	Humphreys County
	City of Trimble	Dyer/Obion Counties
	City of Lakeland	Shelby County

Miscellaneous: Cases currently under WWFB jurisdiction  
New legislation  
Next meeting

July 8, 2010

Open Discussion

Visitors to the Legislative Plaza are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Office of State and Local Finance to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Office of State and Local Finance (Ms. Joyce Welborn) for further information

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Nashville, TN 37243-1402  
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[Joyce.Welborn@tn.gov](mailto:Joyce.Welborn@tn.gov)

MINUTES  
of the  
WATER AND WASTEWATER FINANCING BOARD MEETING  
NOVEMBER 12, 2009  
10:00 a.m.

Chairperson Ann Butterworth opened the meeting of the Water and Wastewater Financing Board (WWFB) at Legislative Plaza, Room 31, Nashville, Tennessee.

Board members present and constituting a quorum:

Ann Butterworth, Chairperson, Comptroller Designee

Tom Moss, Designee of Commissioner of Department of  
Environment and Conservation (TDEC)

Ben Bolton, Representative of Manufacturing Interests

Shirley Fox Rogers, Representative of Municipalities

Kenneth Wiggins, Active employee of a municipal water utility

Drexel Heidel, Active employee of a water utility district

Joseph Prochaska, Representative of Environmental Interests

Daisy Madison, Representative of Minority Interests

Staff present:

Joyce Welborn, Division of Local Finance--Comptroller's Office

Bill Case, Division of Municipal Audit, Comptroller's Office

Bobby Lee, General Counsel—Comptroller's Office

#### **APPROVAL OF MINUTES**

Mr. Bolton made a motion to approve the minutes of both December 18, 2008, and September 10, 2009.

Mr. Wiggins seconded the motion and it was approved.

Ms. Butterworth requested that the Town of Surgoinsville be taken out of order since persons were present to address the Board.

#### **Town of Surgoinsville proposed sewer system**

The Town of Surgoinsville has received \$2.5 million in grant funds to build a \$3.03 million sewer collection system. The initial customers will be the two schools in Town which have a failing package plant. Since the Town has no current system (a utility district has the water service), the Board has no jurisdiction. Town officials requested to present the case to the Board. Mr. Lee, General Counsel, interjected that the Board should not discuss the situation because the Town has no standing before the Board. Board proceeded against Counsel's advice. Ms. Welborn introduced Mayor Johnny Greer who explained the situation to the Board. All the grant funding was received under the premise that the Town would have seven years to add customers before being reported to the Board. The passage of Public Chapter 72 in early 2009 eliminated the seven year growth phase. The Town was requesting the Board grant them the seven years. Mayor Greer introduced Joe May, Attorney, and Ken Rea, First Tennessee Development District who made comments on behalf of the Town. Counsel again stated that the Board has no standing and could not grant the request.

#### **CASE STUDIES**

**Town of Toone:** The Town of Toone has reported a negative change in net assets for five consecutive years in its water and sewer fund. The Town has 240 water customers and 89 sewer customers. The Town's water fund is very dependent on one industry, Kilgore



Corporation, which employs 400 to 500 employees. Kilgore has its own sewer system. The Mayor has implemented several changes which should result in an increase in operating revenues of approximately \$49,000. Water and sewer rates were increased with future increases put in place. Fees were also adjusted. Staff recommended that the Board endorse the actions of the Town. After considerable comments and questions by the Board, Mr. Wiggins made a motion to approve staff's recommendation. Second was made by Ms. Madison and approved by the Board.

#### Town of Decaturville

The Town has been reported as having a negative change in net assets for three consecutive years in its water and sewer system. In July 2008, the Town discontinued use of the water plant and now purchases water from the City of Parsons. The minimum water bill was increased by \$7.00 per month and the rate levels were reduced. Several policies were changed and are now strictly enforced. A meter replacement program also was started. The Board encouraged the Town to review its tap fee and requested that additional information be submitted to the Board when the FY 09 audit is completed. Staff recommended that the Board endorse the actions of the Town. Ms. Madison voted to approve staff's recommendation. Mr. Prochaska seconded the motion. Motion carried.

#### City of Paris

The City of Paris was reported to the Board as having a negative change in net assets in its sewer system for at least six consecutive years. Because the system is debt free, it had been exempt from the jurisdiction of the Board until the passage of Public Chapter 72 in early 2009. The sewer rates were increased by approximately 50% in August 2009. The maximum sewer fee was removed in September, 2009. Staff recommended the Board endorse the actions of the City of Paris. Mr. Prochaska moved to endorse the actions of the City. Ms. Rogers seconded the motion. Motion carried.

### **STATUS REPORT**

#### City of Friendship

The City of Friendship appeared before the Board in September 2007 for negative changes in its water system. It has since been reported for negative changes in its sewer system. Although the funds are reported separately, they are intertwined with staff and billings. The City has received grant funds in each of the last four years which has prevented it from being reported to the Board. No grant funds were received in FY09, but a \$400,000 grant is anticipated for FY10. Several adjustments are planned within the cost allocations which will reflect the actual costs more efficiently and accurately. A rate increase is planned for spring when the natural gas bills go down. That increase will generate approximately \$8,300 annually. There is also some growth from the completion of a sewer project and a long time employee is retiring. Staff has concerns that the negative changes are not being eliminated quickly enough. Mr. Prochaska made a motion to require the Mayor to appear before the Board after the FY10 audit is completed if a grant of at least \$80,000 is not received. Mr. Bolton seconded the motion. Motion carried.

### **MISCELLANEOUS ITEMS**

#### Jurisdiction list

Ms. Welborn stated that the Board package includes a schedule identifying all systems which are currently under the Board's jurisdiction.

#### Water Loss Issues

Ms. Welborn stated that the Division of Municipal Audit was having problems with information submitted on the water loss schedule. The Division would like comments from the Board regarding the completion of the schedule. If a utility leaves the information blank

or inserts dashes, it implies something different from inserting a zero for a non applicable item. The Board comments indicated that the various differences were not important to them – only the bottom line.

Next Meeting

Ms. Welborn stated that the next scheduled meeting is March 11, 2010.

Motion was made and seconded to adjourn. Motion carried.

Respectfully submitted,

Ann Butterworth  
Chairperson

Joyce Welborn  
Board Coordinator



WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of Alcoa, Blount County  
Mayor: Don Mull  
City Manager: Mark Johnson  
Customers: 10,088 water and 5,955 sewer  
Water Loss: 7.55%

The City of Alcoa has been experiencing a negative change in net assets for the last three years in its water and sewer system according to the information contained in audited financial statements.

The rates in effect June 30, 2009 were:

<u>Water rates</u>	<u>Inside</u>	<u>Outside</u>
For the 1 <sup>st</sup> 2,000 gallons		
5/8 – 1" connection	\$ 8.35	\$ 12.50
1 ½ - 3" connection	\$ 20.90	\$ 29.65
4 – 6" connection	\$152.90	\$229.35
Over 6" connection	\$417.00	\$625.50
Per 1,000 gallons for all over 2,000	\$ 2.50	\$ 3.75
Industrial w/ consumption greater than 2.0 MGD:		
	\$ 1.40	
<u>Sewer rates</u>		
Residential base	\$ 6.60	\$ 11.25
Per thousand gallons	\$ 3.85	\$ 6.55

During my visit with City officials, it appears that the utility has had a series of "happenings" that created financial problems with its water and sewer systems. Alcoa Inc. (company) accounted for approximately 14% of the water/sewer revenue in July 2009.

Water system

1. After a \$1.5M rehab to its plant, the South Blount County Utility District decided to build its own water plant and cease purchasing water from the City of Alcoa. That dropped sales around two million gallons per day.
2. The drought of 2007/2008 resulted in approximately \$2,284,000 of emergency spending.
3. Alcoa, Inc. reduced its production for the first time since early 1900, resulting in a 25% reduction in sales.
4. During fiscal year 2008, upon completion of the new \$28M water plant, the old water plant was written off resulting in a one-time extraordinary loss of \$911,000.

Sewer system

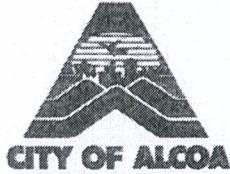
1. Historically, Alcoa, Inc. has paid 10% of the water fee as a sewer bill. Recent studies indicate that it should be closer to 25%; therefore, the City was losing approximately \$28,000/month in revenue. Flow meters are now installed on each effluent line from the Alcoa, Inc. plants with sewer bills being calculated according to measured flows.
2. The Regional Wastewater Treatment Plant is jointly owned by the City of Alcoa and the City of Maryville. As operator for the plant, the City of Maryville accounts for the assets and expenses associated with the plant (including its recent \$35M renovation), but 51% of the flow into that plant is from the City of Alcoa with plant expenses (operational and capital) billed accordingly.

Staff projected a needed revenue increase of 35% based on the information in the audits.

**CITY OF ALCOA  
HISTORY FILE**

	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Fiscal Year 6/30</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Water/sewer revenues	\$ 7,297,951	\$ 8,431,327	\$ 8,862,720	\$ 9,583,399
Other revenues	\$ 695,641	\$ 522,858	\$ 388,178	\$ 22,811
Capital contributions	\$ 88,766	\$ 92,556	\$ 531,038	\$ 503,304
<b>Total Operating Revenues</b>	<b>\$ 8,082,358</b>	<b>\$ 9,046,741</b>	<b>\$ 9,781,936</b>	<b>\$ 10,109,514</b>
<b>Total Operating Expenses</b>	<b>\$ 7,426,067</b>	<b>\$ 8,570,198</b>	<b>\$ 9,669,241</b>	<b>\$ 9,775,890</b>
Operating Income	\$ 656,291	\$ 476,543	\$ 112,695	\$ 333,624
Interest Expense	\$ 599,954	\$ 1,340,686	\$ 2,034,035	\$ 1,702,251
Extraordinary item			\$ (911,050)	
<b>Change in Net Assets</b>	<b>\$ 56,337</b>	<b>\$ (864,143)</b>	<b>\$ (2,832,390)</b>	<b>\$ (1,368,627)</b>
<u>Supplemental Information</u>				
Principal payment	\$ 303,664	\$ 366,153	\$ 302,688	\$ 39,221,416
Depreciation	\$ 899,266	\$ 1,626,083	\$ 1,767,221	\$ 1,933,099
<b><u>Water Rates</u></b>				
<b><u>Inside Rate</u></b>				
First 2,000 gallons 5/8 - 1"	\$ 7.60	\$ 7.60	\$ 7.60	\$ 8.35
First 2,000 gallons 1 1/2 - 3"	\$ 19.00	\$ 19.00	\$ 19.00	\$ 20.90
First 2,000 gallons 4 - 6"	\$ 139.00	\$ 139.00	\$ 139.00	\$ 152.90
First 2,000 gallons over 6"	\$ 379.50	\$ 379.50	\$ 379.50	\$ 417.00
All over	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.50
<b><u>Outside Rate</u></b>				
First 2,000 gallons 5/8 - 1"	\$ 11.50	\$ 11.50	\$ 11.50	\$ 12.50
First 2,000 gallons 1 1/2 - 3"	\$ 25.40	\$ 25.40	\$ 25.40	\$ 29.65
First 2,000 gallons 4 - 6"	\$ 210.00	\$ 210.00	\$ 210.00	\$ 229.35
First 2,000 gallons over 6"	\$ 575.00	\$ 575.00	\$ 575.00	\$ 625.50
All over	\$ 3.45	\$ 3.45	\$ 3.45	\$ 3.75
Water customers	9,828	9,965	10,088	10,088
<b><u>Water Loss</u></b>	<b>17.80%</b>	<b>14.03%</b>	<b>11.20%</b>	<b>7.55%</b>
<b><u>Sewer Rates</u></b>				
Inside residential base	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.60
Per thousand gallons	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.85
Outside residential base	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.25
Per thousand gallons	\$ 5.95	\$ 5.95	\$ 5.95	\$ 6.55
Sewer customers	5,797	5,889	5,980	5,955





**CITY MANAGER**  
Mark L. Johnson, C.P.A.

223 Associates Boulevard, Alcoa, Tennessee 37701-1948  
April 29, 2010

Office: (865) 380-4795 Fax: (865) 380-4797  
E-mail: [mjohnson@cityofalcoa-tn.gov](mailto:mjohnson@cityofalcoa-tn.gov)

Ms. Joyce Welborn  
Legislative Auditor – Board Coordinator  
Division of Local Finance  
Water and Wastewater Financing Board  
414 Union St., Suite 1110  
Nashville, TN 37243-1402

Re: City of Alcoa, TN  
Water and Wastewater Utility Fund

Dear Ms. Welborn:

Thank you for the opportunity to submit information concerning the financial condition of the City of Alcoa Water and Sewer Utility Fund prior to the Board meeting scheduled for May 13, 2010. Realizing the time constraints you are under, what follows is an abbreviated outline of the issues facing the water and sewer fund along with steps we feel necessary to remedy the situation which brings us before the Board.

First of all, it might make it more convenient as the board members read this to offer our thoughts as to a desired outcome at the May 13 Board meeting. Specifically, we are respectfully requesting that the Board grant the City of Alcoa a twelve-month grace period before any regulatory actions are taken. This will hopefully provide sufficient time for some of the current external uncertainties to resolve themselves and therefore allow us to do a better job of planning for the future. We believe that this will not only meet our objectives but those of the Board as well. In support of that request, the following is a synopsis of issues that we are requesting the Board to consider:

1. We are projecting a positive net change in assets for the fiscal year ending June 30, 2010 (see attached).
2. The City of Alcoa continues to monitor its financial situation and projects the future revenues and expenditures out five, ten and fifteen years by using statistical forecasting techniques. Rate plans are developed, implemented, monitored and adjusted as necessary based on actual results. As an example, the City implemented the final step of a four-step rate increase plan on July 1, 2009.
3. A significant cause of the current negative net revenue situation is attributable to depreciation associated with bringing online the City's new \$28,000,000 membrane filtration plant along with the write-off of the remaining asset balance of the old plant. Although depreciation is certainly important in evaluating the financial condition of our utility in the long-run; it is a non-cash item that does not affect the ability to produce and deliver water to our customers. The Water and Sewer



Fund enjoys a healthy cash position which is capable of covering the operations for several more years should that be necessary.

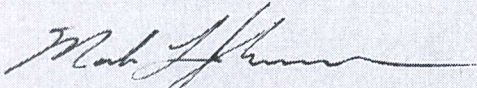
4. Alcoa, Inc. has significantly reduced and/or curtailed operations for the first time in their nearly one hundred year history. Alcoa, Inc. typically purchases 3,000,000 mgd which translates into 25-33% of our daily sales. The curtailment has reduced their daily consumption by 31% which if sustained, will have a major impact on how we plan future rate structures in order to recover those lost sales. Currently the mood is optimistic for the company to recover fully to pre-recession operations and therefore consumption. Hopefully we will have a better indication of whether or not this will become a reality during the twelve-month grace period we are requesting from the Board.
5. The City of Maryville owns and has sole operating authority over the Regional Wastewater Treatment Plant utilized by both cities. The plant is in the final stages of a construction contract to significantly increase capacity and improve the overall treatment process. It has been difficult for the City of Alcoa to plan for this expansion due to Maryville having sole responsibility for all decisions including the scope of work and the method of financing. Alcoa's earlier rate plans made provision for these improvements; however, those improvements were estimated to cost in the range of \$15,000,000. The final total cost is slightly over \$35,000,000 of which Alcoa's share is 51% based on current usage. This is a complex issue and the actual operating agreement covering the cost and ownership of this facility has yet to be finalized. There are different accounting treatments available to the City of Alcoa surrounding this transaction that could have an effect on the balance sheet and/or income statement for the next forty years. The operating agreement as well as the accounting treatment will be finalized later this summer.
6. The additional cost associated with the wastewater treatment plant will have a significant impact on the overall cost of wastewater disposal for our customers. This has prompted the need for a cost of service study to determine whether the balance between water and sewer rates is appropriate to recover the associated costs. This is a fairly detailed analysis and the staff will begin the process as soon as the new wastewater treatment plant becomes operational within the next few months. The breakdown direct costs and allocation indirect costs will provide the basis for any rate increase plan developed during our requested grace period.
7. Lastly, Alcoa, Inc. has paid for sewer service based on an assumption that 90% of the water purchased is consumed in the production process and the remaining 10% enters the sewer system. In anticipation of the rising treatment costs from the wastewater treatment plant expansion, the City installed the sewer flow meters at all the outfall locations to accurately measure the wastewater flow from Alcoa, Inc.'s various locations. These flow meters are not 100% functional at this time; however, all results indicate that a minimum of 16% is entering the wastewater stream versus 10%. This will have a significant positive impact on the system's revenues; however, it will be several more months before sufficient history of usage has been accumulated in order to make reasonable projections for the future.



Ms. Joyce Welborn  
April 29, 2010  
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Again, let me thank you for this opportunity and also offer our full willingness to provide whatever information that the Board may need in order to make this decision. I suppose I should offer from a personal note that whether justified or not, these are extraordinary times in terms of financial hardship for many of our customers. In view of this, I think it would be unconscionable to impose any kind of a rate increase unless absolutely necessary. In this case, I believe fully that we have a cushion available to us to operate for at least another twelve months without any significant negative impact to our system.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark L. Johnson", with a long horizontal flourish extending to the right.

Mark L. Johnson  
City Manager

/bhs



**City of Acoa**  
**Water and Sewer Utility Fund**  
**Projected Changes in Net Assets**  
Fiscal year ending June 30, 2010

	Actual 2008	Actual 2009	Projected 2010
<b>Operating Revenue:</b>			
Retail Water Sales	\$3,234,547	\$3,391,816	3,734,531
Wholesale Water Sales	873,511	987,783	1,021,872
wholesale Water Sales - ALCOA	1,525,851	1,591,906	1,417,846
Sewer Charges	3,228,811	3,407,662	3,911,879
Other Operating Revenue			
Penalties	144,894	142,617	150,000
Sewer Taps	39,729	22,078	9,000
Connections	12,028	11,637	10,000
Fire Hydrant Rental	21,900	27,900	27,900
Miscellaneous	27,315	22,811	20,445
	<u>9,108,586</u>	<u>9,606,210</u>	<u>10,303,473</u>
<b>Operating Expenses:</b>			
Administration	621,585	651,883	630,000
Accounting and collections	629,744	644,648	615,000
Supervision	204,296	201,898	230,000
Water Treatment Plant	1,566,763	1,688,614	1,450,000
Environmental Compliance	138,913	251,122	140,000
Transmission and distribution	1,178,798	901,177	970,000
Meter Reading	399,576	309,026	312,810
Water Maintenance	238,127	247,482	240,000
Sewer Collection / pumping	835,447	735,491	820,000
Sewer Disposal	1,563,089	1,781,662	2,035,000
	<u>7,376,338</u>	<u>7,413,003</u>	<u>7,442,810</u>
<b>Other Operating Expense:</b>			
Depreciation	1,767,221	1,933,099	1,935,000
Taxes and Tax Equivalents	500,000	400,000	400,000
	<u>2,267,221</u>	<u>2,333,099</u>	<u>2,335,000</u>
<b>Operating Income (Loss)</b>	<b>(534,973)</b>	<b>(139,892)</b>	<b>525,663</b>
<b>Other Income:</b>			
Interest	142,312	21,887	1,000
<b>Other Expense:</b>			
Amortization of Bond Expense	25,682	29,788	33,100
Interest Expense	2,034,035	1,724,138	1,609,620
<b>Net Income</b>	<b>(2,452,378)</b>	<b>(1,871,931)</b>	<b>(1,116,057)</b>
<b>Capital Contributions</b>	<b>531,038</b>	<b>503,304</b>	<b>1,845,346</b>
<b>Change in Net Assets</b>	<b><u>(\$1,921,340)</u></b>	<b><u>(\$1,368,627)</u></b>	<b><u>\$729,289</u></b>



WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: Town of Vonore, Blount and Monroe Counties  
Mayor: Larry Summey  
Customers: 327 sewer

The Town of Vonore has been experiencing a negative change in net assets for the last four fiscal years in its sewer collection system according to the information contained in audited financial statements.

The sewer rates as shown in the June 2009 audit are:

Minimum bill (2,000 gallons)	\$10.75
Over 2,000 gallons	\$ 4.30
Well water (flat rate)	\$10.60

The water in Town is provided by TASS (Tellico Area Service System). TASS also owns and operates the sewage treatment plant. In the past, TASS has refused to disconnect water to a customer for non-payment of sewer fees or to take over the Town's entire collection system. Town officials are to contact them once again about taking over the system or at least disconnecting water for non payment of sewer.

The Town has major infiltration and inflow (I & I) problem which must be addressed. Several applications for grant funding have been made but denied. The Town officials believe that part of the I & I problem is with leaking water lines from TASS flowing into the sewer collection system via manholes.

Rates are typically increased every three years – the last one being in 2006. Renters in a trailer park leaving without payment of the sewer bill is a major problem.

The newly elected Mayor will be at the meeting to discuss the actions of the Town. A letter detailing the activities of the Town, along with copies of rate resolutions are attached for the Board's review.

Staff recommends that Board endorse the actions of the Town and continue to monitor it until financial compliance is achieved.

TOWN OF VONORE				
HISTORY FILE				
	Audited 2006	Audited 2007	Audited 2008	Audited 2009
<b>Fiscal Year ending June 30</b>				
Sewer revenues	\$ 91,753	\$ 116,448	\$ 119,688	\$ 116,375
Other revenues	\$ 36,120	\$ 16,237	\$ 9,110	\$ 3,781
<b>Total Revenues</b>	<b>\$ 127,873</b>	<b>\$ 132,685</b>	<b>\$ 128,798</b>	<b>\$ 120,156</b>
<b>Total Operating Expenses</b>	<b>\$ 200,633</b>	<b>\$ 194,864</b>	<b>\$ 196,270</b>	<b>\$ 214,559</b>
Operating Income	\$ (72,760)	\$ (62,179)	\$ (67,472)	\$ (94,403)
Interest Expense	\$ -	\$ -	\$ -	\$ -
General Fund Transfer				\$ 41,414
<b>Change in net assets</b>	<b>\$ (72,760)</b>	<b>\$ (62,179)</b>	<b>\$ (67,472)</b>	<b>\$ (52,989)</b>
<u>Supplemental Information</u>				
Depreciation	\$ 69,038	\$ 69,459	\$ 54,983	\$ 45,711
<b>Sewer rates</b>				
First 2,000 gallons	\$ 8.60	\$ 8.60	\$ 10.75	\$ 10.75
Over 2,000 gallons	\$ 4.30	\$ 4.30	\$ 5.40	\$ 4.30
Well water flat rate	\$ 8.50	\$ 8.50	\$ 10.60	\$ 10.60
customers	327	330	350	327



## TOWN OF VONORE

### SEWER 2010

The following is what The Town of Vonore has done to revitalize our sewer system in regards to the *plan of action* that was sent to your office.

State of Tennessee permit #92-111.

1. Talks with Tellico Area Service Systems (TASS) have been ongoing and plans are still in place for TASS to take over our billing and eventually our system as a whole.
2. The town has repaired or raised 92 manholes as of this date and are committed to repairing or raising the remaining 30 or so left.
3. Have contracted with Environmental Management Group for aid in the operation and maintenance of our collection system.
4. We have raised our rates (enclosed) so they are comparable to TASS's rates.
5. Recently received a CDBG grant from the State to do I&I work and to replace an old pump station.
6. Repaired all know leaks in all our pump stations.
7. Will pass an Ordinance (copy enclosed) at our May town board meeting giving us the ability to cite customers into court for non payment of services.

The above improvements have seen our inflow to TASS's treatment plant significantly decrease over the past couple of months and with all the continuing work we hope this decrease will continue. This in turn will reduce our treatment costs.



**Resolution No. \_\_\_\_\_**

**WHEREAS**, Resolution No. 06-03, of the Town of Vonore, established the sewer rate structure, and

**WHEREAS**, it is in the best interest of the Town of Vonore, to revise the sewer rates set in that resolution;

**NOW THEREFORE**, be it resolved that Resolution No. 06-03 be amended to establish as follows:

**SECTION 1:** The following monthly sewer use charges are levied against sewer users:

*Effective July 1, 2010*

<u>Sewer Use</u>	<u>Charge Per Month</u>
0-2000 gallons	\$17.00
Over 2000 Gallons	\$5.40 per 1000 gallons*
Well Water Customers	\$17.00

The amount of sewer usage shall be determined from the metered water usage, except in the case of well water users.

\*Gallons over increments of 1000 gallons shall be counted as 1000 gallons

**SECTION 2:** The following sewer connection charges are levied for connections to the public sewer system:

<u>Connection Fee Classification</u>	<u>Connection Fee</u>
Existing Residential dwellings (no road cut)	\$375.00
Existing Residential dwellings (road cut)	\$625.00
Residential dwellings	\$1875.00
Residential dwellings (new development)*	\$1875.00
Existing Commercial Buildings	\$1875.00
Commercial Buildings	\$3750.00

\*New developments include those installed by the developers and transferred to the town. The connection fee will be paid by the developer for each new tap before the building permit is issued from the Town of Vonore.

**Section 3:** The following non- refundable charge is levied on all applications for sewer service where such service is to be provided to property not owned by the applicant: \$50.00

**This Resolution adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2010.**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Recorder

**ORDINANCE NO. \_\_\_\_\_****AN ORDINANCE TO MAKE IT AN OFFENSE TO FAIL OR REFUSE TO OAY THE SEWER BILL, AND TO PROVIDE REMEDIES FOR SUCH FAILURE OR REFUSAL.**

**Section 1.** It shall be unlawful, and a civil offense, for any person, firm, or corporation, association, or any other person or any other person or organization, who receives city sewer to fail or refuse to pay for such service.

**Section 2.** The city shall have the following remedies in the event of the failure or refusal on the part of any person, firm, corporation or any other person or organization who receives city sewer to pay for such service:

- (A) Collect the amount owed by such customer as a civil debt.
- (B) Cite such customer into the municipal court, and upon conviction, impose a civil penalty as provided by law. Each day a violation is allowed to continue shall constitute a separate offense.

**Section 3.** The city shall have the rights to use the above remedies prescribed for the failure or refusal to pay sewer bills collectively or selectively, and in any and all combinations. In addition, the use or all of the remedies by the city shall not foreclose its right to use any other remedies that might now or in the future be authorized under state law.

with  
1587

**Section 4.** This ordinance shall become effective after it or its caption is published in a newspaper of general circulation within the city, following its final passage.

Passed first reading: \_\_\_\_\_

Passed second reading: \_\_\_\_\_

\_\_\_\_\_  
Mayor, Larry Summey

**ATTEST:**

\_\_\_\_\_  
Rodney Tallent, City Recorder

**Resolution No. 06-03**

**WHEREAS**, Resolution No. 03-02, of the Town of Vonore, established the sewer rate structure, and

**WHEREAS**, it is in the best interest of the Town of Vonore, to revise the sewer rates set in that resolution;

**NOW THEREFORE**, be it resolved that Resolution No. 03-02 be amended to establish as follows:

**SECTION 1:** The following monthly sewer use charges are levied against sewer users:

*Effective September 1, 2006*

<u>Sewer Use</u>	<u>Charge Per Month</u>
0-2000 gallons	\$10.75
Over 2000 Gallons	\$5.40 per 1000 gallons*
Well Water Customers	\$10.60

The amount of sewer usage shall be determined from the metered water usage, except in the case of well water users.

\*Gallons over increments of 1000 gallons shall be counted as 1000 gallons

**SECTION 2:** The following sewer connection charges are levied for connections to the public sewer system:

<u>Connection Fee Classification</u>	<u>Connection Fee</u>
Existing Residential dwellings (no road cut)	\$375.00
Existing Residential dwellings (road cut)	\$625.00
Residential dwellings	\$1875.00
Residential dwellings (new development)*	\$1875.00
Existing Commercial Buildings	\$1875.00
Commercial Buildings	\$3750.00

\*New developments include those installed by the developers and transferred to the town. The connection fee will be paid by the developer for each new tap before the building permit is issued from the Town of Vonore.

**Section 3:** The following non- refundable charge is levied on all applications for sewer service where such service is to be provided to property rented by the applicant; \$50.00

This Resolution adopted this 8<sup>th</sup> day of AUGUST, 2006.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Recorder



- 2 -

August 31, 2009

The following is a proposed *plan of action* in regards to the Town of Vonore and State of Tennessee permit # 92-111.

1. We are now in the process of working with the water utility in our town Tellico Area Service System (TASS) for them to take over our billing. This will be advantageous for the town in that it will give us the ability to collect unpaid bills by having the option of shutting their water off until the outstanding bill is paid in full.
2. One of the main problems the town has is I&I problems in the older part of the system (rainwater, water pipe leaks, etc). The town has put in for numerous grants to aid in this problem to no avail. We are working diligently in trying to fix and repair these problems. Once this is done it will lower our waste treatment costs. This alone would save the town approximately \$3000 - \$5000 a month. In 2008 it costs the town \$62,000 in treatment costs over what we billed out our utility customers.
3. The Town has contracted with The Environmental Management Group for aid in the operation and maintenance of the Collection System owned by the Town of Vonore.
4. In the Past, the town has increased its rates every 3 years. Starting in October, 2009 we will adjust our rates to off-set our costs, and continue to do so yearly. This year we are looking at an increase of 25% to our current rate structure.
5. Additionally we are in talks with TASS to have them take over the sewer operation of the town full-time. These talks are ongoing and we hope to have this resolved in the near future.
6. We are also looking at a putting a master meter at the entrance to a trailer park that is inside our city limits. This is a major problem with families moving in and out with no forwarding address. Doing this will help us collect all that is due to the Town Of Vonore.
7. We are also planning when we increase our rates to have the commercial business pay at a higher rate.
8. We have been in contact with the Municipal Technical Advisory Service and the utility operations consultant Brent Ward. Mr. Ward has toured our collection system and has given us some ideas on how the town could lower its costs of operations.

The existing Vonore Sewer System consists of approximately 46,250 linear feet of eight inch gravity sewers, six sewage pumping stations and approximately 11,180 linear feet of six inch sewage force main. We feel if given the opportunity we could have this system working at maximum efficiency and reaching our goal of not being financially distressed.

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of Gatlinburg, Sevier County  
Mayor: Jerry Hays  
Customers: 3,617 water  
Water Loss: 15.02%

The City of Gatlinburg has been experiencing a negative change in net assets for the last two fiscal years in its water system according to the information contained in audited financial statements.

The rates in effect June 30, 2009 were:

	<u>Water</u>
First 2,000 gallons	\$5.86 minimum bill
All over	\$2.93 per 1000 gallons
If over 1,750 feet elevation	\$0.50 additional charge per 1000 gallons

The last increase in the rate structure was in the 1980's. It seems that the economy in Gatlinburg has not faltered as much in recent years as in other communities. City leadership contends that it is because of "staycations." The tourism push is to visit locally – which tends to be the more inexpensive route.

In September 2009, the City passed rate increases effective October 1 of each year from 2009 to 2011 - a little over 10% in total. A copy of the rate ordinance is enclosed. The rates were implemented based on a rate study prepared by MTAS. Also enclosed is information provided by the City reflecting their projections through June 30, 2012.

Staff will continue to monitor the financial condition of the City until an audited financial statement reflects compliance.

CITY OF GATLINBURG			
HISTORY FILE			
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Fiscal Year 6/30</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Water revenues	\$ 2,372,291	\$ 2,369,820	\$ 2,243,069
Other revenues	\$ 507,241	\$ 418,311	\$ 314,886
<b>Total Operating Revenues</b>	<b>\$ 2,879,532</b>	<b>\$ 2,788,131</b>	<b>\$ 2,557,955</b>
<b>Total Operating Expenses</b>	<b>\$ 2,634,465</b>	<b>\$ 3,049,503</b>	<b>\$ 3,058,510</b>
Operating Income	\$ 245,067	\$ (261,372)	\$ (500,555)
Interest Expense	\$ 104,422	\$ 108,167	\$ 90,163
<b>Change in Net Assets</b>	<b>\$ 140,645</b>	<b>\$ (369,539)</b>	<b>\$ (590,718)</b>
<u>Supplemental Information</u>			
Principal payment	\$ 332,457	\$ 318,500	\$ 328,500
Depreciation	\$ 301,757	\$ 299,467	\$ 308,648
<b><u>Water Rates</u></b>			
<b><u>Inside Rate</u></b>			
First 2,000 gallons 5/8 - 3/4"	\$ 5.86	\$ 5.86	\$ 5.86
First 2,000 gallons 1"	\$ 15.00	\$ 15.00	\$ 15.00
First 2,000 gallons 1 1/2 - 2"	\$ 20.00	\$ 20.00	\$ 20.00
First 2,000 gallons 3"	\$ 30.00	\$ 30.00	\$ 30.00
First 2,000 gallons 4"	\$ 40.00	\$ 40.00	\$ 40.00
First 2,000 gallons 6"	\$ 60.00	\$ 60.00	\$ 60.00
All over	\$ 2.93	\$ 2.93	\$ 2.93
Over 1,750 feet	\$ 3.43	\$ 3.43	\$ 3.43
<b><u>Outside Rate</u></b>	plus 25%	plus 25%	plus 25%
Water customers	3,628	3,626	3,617
<b><u>Water Loss</u></b>	<b>14.66%</b>	<b>12.46%</b>	<b>15.02%</b>





**FINANCE DEPARTMENT**

March 16, 2010

Joyce Welborn, Board Coordinator  
State of Tennessee  
Comptroller of the Treasury  
Division of Local Finance  
Water and Wastewater Financing Board  
414 Union Street, Suite 1110  
Nashville, TN 37243-1402

Dear Ms. Welborn:

Please accept this letter in response to your letter of January 21, 2010 to Mayor Jerry Hays regarding the City of Gatlinburg being financially distressed based on a negative change in net assets for two consecutive years in its water system.

As explained to you on your recent visit to my office, the City of Gatlinburg has implemented a ten (10) percent water rate increase to be phased in over three years. Attached you will find City of Gatlinburg Ordinance No. 2416 setting forth the details of this increase. The increase was based upon a Water Financial Sufficiency Study and recommendation by MTAS of which you were provided a copy during your visit to my office.

Also attached you will find an update of the projected revenues and expenditures of the Water System that have been compiled using current information. This projection indicates that the Water System will work itself out of the negative change to net assets during the third year phase of the rate increase. This projection assumes no growth in the volume of water sales during the projection periods. As shown in the FY2010 projection, the City is not relying solely on a rate increase but has also taken measures to reduce operational and maintenance expenses and will continue doing so as long as necessary.

Please consider this documentation as the City's official response to the Water and Wastewater Financing Board outlining the City's plan for eliminating the negative change to net assets in the City's water system. Also, please advise the City if this documentation will negate the need to have the meeting scheduled for May 13, 2010 in Nashville.

If there is any further documentation or information needed by the Water and Wastewater Financing Board regarding this issue, please advise by return mail or phone at 865-436-1403. You may also reach me by email at [dabeeler@ci.gatlinburg.tn.us](mailto:dabeeler@ci.gatlinburg.tn.us).

Sincerely,

David A. Beeler  
Assistant City Manager/Finance Director

Cc: Mayor Jerry Hays  
Cindy Cameron Ogle, City Manager

RECEIVED  
RECEIVED  
DEC 18 2009  
MAR 18 2009  
LOCAL FINANCE  
LOCAL FINANCE

City of Gatlinburg  
Water Study Financial Update  
As of January 31, 2010

	Unaudited 2008	Audited 2008	Audited 2009	Projected 2010 4% Rate Inc Begin Oct	Growth Factor Beginng FY2011	Projected 2011 3% Rate Inc Begin Oct	Growth Factor Beginng FY2012	Projected 2012 3% Rate Inc Begin Oct
Operating Revenues								
Water Sales	2,369,820	2,369,820	2,243,069	2,320,591	0%	2,370,817	0%	2,422,551
Fines & Penalties	11,594	11,594	15,632	16,581	0%	16,937	0%	17,303
Connection Fees	221,888	231,915	229,744	75,088	0%	75,088	0%	75,088
Administrative Charges	28,965	28,965	28,899	29,086	0%	29,086	0%	29,086
Other Revenues	18,727	18,700	24,744	26,505	0%	26,505	0%	26,505
Total Operating Revenues	2,650,994	2,660,994	2,542,088	2,467,851		2,518,433		2,570,533
Operating Expenses								
Operations	1,515,331	1,679,670	1,684,776	1,566,456		1,566,456		1,566,456
Maintenance	748,420	1,070,366	1,065,086	613,904		613,904		613,904
Depreciation	307,757	299,467	308,648	313,438		313,435		313,435
Total Operating Expense	2,571,508	3,049,503	3,058,510	2,493,798		2,493,795		2,493,795
Operating Income	79,486	(388,509)	(516,422)	(25,947)		24,638		76,738
Nonoperating Rev. & Exp.								
Interest & Dividends	127,137	127,137	15,866	5,315		5,379		5,444
Interest Expense	(105,844)	(108,167)	(90,163)	(71,515)		(63,548)		(57,535)
Capital Contributions/Grants	0	0						
Total Nonoperating Expenses	21,293	18,970	(74,297)	(66,200)		(58,169)		(52,091)
Change in Net Assets	100,779	(369,539)	(590,719)	(92,147)		(33,531)		24,647

Note: FY2010 Projection based on revenues and expenses thru January  
Assumptions:

- No Increase in Gallons Sold
- Utility Maintenance split 50/50 between Water and Sewer
- Necessary steps taken to Maintain stable expenses till growth in sales volume returns.

ORDINANCE NO. 2416

AN ORDINANCE TO AMEND THE GATLINBURG MUNICIPAL CODE, SECTION 18-112 AND ORDINANCE NUMBERS 557 AND 1068 OF THE CITY OF GATLINBURG, AND FURTHER BEING AN ORDINANCE TO SET AND ESTABLISH WATER RATE CHARGES AND REPEALING ALL ORDINANCES OR PORTIONS THEREOF IN CONFLICT HEREWITH.

**WHEREAS**, the City of Gatlinburg has employed the Municipal Technical Advisory Service to conduct a survey of the fees and charges of the Gatlinburg Water Department and, as a result of said study entitled "Water Financial Sufficiency Study" dated July, 2008, certain changes have been recommended to the existing fee structure; and

**WHEREAS**, the Gatlinburg Water Department is required by law to be self-sufficient and to generate adequate revenues to off-set the expenses of the system; and

WHEREAS, the adoption of this Ordinance is in the best interests of the citizens and residents of the City of Gatlinburg, Tennessee.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF  
GATLINBURG, TENNESSEE:

**Section 1.** Section 18-112 of the Gatlinburg Municipal Code is hereby repealed in its entirety and a new section adopted in lieu thereof, as follows:

"18-112 Schedule of Rates.

(1) For water furnished entirely within the corporate limits of the City of Gatlinburg, effective on the first billing after October 1, 2009:

2,000 gallons per month or less	\$ 6.10
---------------------------------	---------

For all amounts over 2,000 gallons, the rate shall be \$3.05 per 1,000 gallons.



The minimum monthly bill shall be as follows:

<u>Water Meter Size</u>		<u>Minimum Water Bill</u>
5/8" to 3/4"	0-2000 Gal.	\$ 6.10
1" METER	0-2000 Gal.	15.60
1 - 1/2" METER	0-2000 Gal.	20.80
2" METER	0-2000 Gal.	20.80
3" METER	0-2000 Gal.	31.20
4" METER	0-2000 Gal.	41.60
6" METER	0-2000 Gal.	62.40
8" METER (& ABOVE)	0-2000 Gal.	93.60

(2) For water furnished entirely within the corporate limits of the City of Gatlinburg, effective on the first billing after October 1, 2010:

2,000 gallons per month or less \$ 6.28

For all amounts over 2,000 gallons, the rate shall be \$3.14 per 1,000 gallons.

The minimum monthly bill shall be as follows:

<u>Water Meter Size</u>		<u>Minimum Water Bill</u>
5/8" to 3/4"	0-2000 Gal.	\$ 6.28
1" METER	0-2000 Gal.	16.07
1 - 1/2" METER	0-2000 Gal.	21.42
2" METER	0-2000 Gal.	21.42
3" METER	0-2000 Gal.	32.14
4" METER	0-2000 Gal.	42.85
6" METER	0-2000 Gal.	64.27
8" METER (& ABOVE)	0-2000 Gal.	96.41

(3) For water furnished entirely within the corporate limits of the City of Gatlinburg, effective on the first billing after October 1, 2011:

2,000 gallons per month or less \$ 6.46

For all amounts over 2,000 gallons, the rate shall be \$3.23 per 1,000 gallons.

The minimum monthly bill shall be as follows:

<u>Water Meter Size</u>		<u>Minimum Water Bill</u>
5/8" to 3/4"	0-2000 Gal.	\$ 6.46
1" METER	0-2000 Gal.	16.55
1 - 1/2" METER	0-2000 Gal.	22.06
2" METER	0-2000 Gal.	22.06
3" METER	0-2000 Gal.	33.10
4" METER	0-2000 Gal.	44.14
6" METER	0-2000 Gal.	66.20
8" METER (& ABOVE)	0-2000 Gal.	99.30

(4) In addition to the above, there is hereby imposed a \$1.00 administrative charge for all water accounts. This administrative charge shall also cover a combined water and sewer account.

(5) In order to defray the additional cost, a charge of 50¢ per 1,000 gallons of water used is hereby added to all customers at or above an elevation of 1,750 feet above sea level.

(6) For water furnished to premises upon which any water faucet or other outlet is outside the corporate limits of the City of Gatlinburg, the above rates and minimum bills shall be increased by twenty-five percent (25%).

(7) For each main sprinkler connection of six inch diameter or smaller, the rate shall be \$50.00 per year plus five cents (\$0.05) per year for each sprinkler outlet in excess of 500. For each sprinkler connection of eight inch diameter, the rate shall be \$70.00 per year plus five cents (\$0.05) per year for each sprinkler outlet in excess of 500. Yearly charges for sprinkler connections shall be paid one-twelfth (1/12<sup>th</sup>) per month.

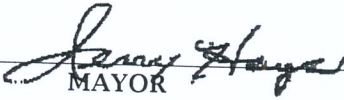
(8) For each unmetered fire hose closet or fire hose connection, the rate shall be \$5.00 per year, and yearly charges for fire hose connections shall be paid one-twelfth (1/12<sup>th</sup>) each month.

(9) All water used by other departments of the City shall be metered or otherwise accounted for and paid for at the above rates.

(10) The City of Gatlinburg shall pay to the Water Department a fire service charge at the rate of \$45.00 per year for each public fire hydrant, the total yearly charge being payable one-twelfth (1/12<sup>th</sup>) each month."

**Section 2.** All ordinances in conflict herewith, and specifically Ordinance No. 557 and Section 1 of Ordinance No. 1068, are hereby repealed.

**Section 3.** This ordinance shall take effect fifteen days from and after its passage, the public welfare requiring it.

  
MAYOR

ATTEST:

Cindy C. Cagle  
CITY RECORDER

Passed first reading 9-08-09

Passed second reading 9-22-09

APPROVED AS TO FORM:

Ronald E. Sharp  
RONALD E. SHARP, CITY ATTORNEY



WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: Town of Mason, Tipton County  
Mayor: David Ward  
Customers: 872 water and 277 sewer

The Town of Mason has been experiencing a negative change in net assets for at least four years as of its June 30, 2005 audited financial statements.

The Division of Municipal Audit conducted an investigative audit and issued a report covering January 1, 2007 through December 31, 2008. The former town and court recorder was indicted in November 2009 for theft, forgery, computer fraud, and official misconduct. The case has not yet come to trial. Because of the pending court case, the auditor has not been able to complete the audits. Although the FY 2006 is near completion, the FY 07, FY 08 and FY 09 will not be completed until litigation is finalized.

For that reason, staff recommends the board grant an indefinite postponement until the audits are current.

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of Decherd, Franklin County  
Mayor: Betty Don Henshaw  
Customers: 1,491 water and 1,076 sewer  
Water Loss: 37.26%

The City of Decherd has been experiencing a negative change in net assets for the last two fiscal years in its water and sewer system according to the information contained in audited financial statements.

The rates in effect June 30, 2009 were:

Water rates - inside

First 1,500 gallons \$8.79 minimum bill  
All over \$4.15 per 1000 gallons

Outside water rates are 79% higher

Sewer rates

Per 1000 gallons \$4.92 inside per 1000 gallons

Outside sewer rates are 61% higher

The City was under a Commissioner's Order from the Tennessee Department of Environment and Conservation regarding the sewer system. During FY09, a \$10.00 surcharge was added to each account. City officials explained that the amount was to repay loans from the State Revolving Fund and Rural Development Administration to remedy the problems. The surcharge is to be removed once the loans are repaid. *According to SRF staff, the City has asked to be on the priority list and will be asking for \$500,000, but no loan has yet been approved or applied for.* The surcharge is generating approximately \$16,000 per month in revenue.

According to City officials, 40% of the customers are charged only the minimum bill. Eighty-two percent (82%) of the citizens are considered low to moderate income. The City is in the midst of a meter replacement program with the priority being meters over one million gallons or those not working.

Staff projected a needed revenue increase of 32% based on the information in the audits. Based on financial information provided by the City, as of January 2010, the change in net assets was \$237,133. This increase is due in large part to the \$10.00 monthly surcharge. If this pattern continues, the City will be in compliance by the end of June 2010. However, once the loans are approved and repayments begin, the financial problem may return.

Staff recommends the Board endorse the actions of the City. Staff will continue to monitor the financial condition of the town until an audited financial statement reflects compliance



CITY OF DECHERD				
HISTORY FILE				
	Audited 2007	Audited 2008	Audited 2009	
<b>Fiscal Year 6/30</b>				
Water/Sewer revenues	\$ 938,743	\$ 953,440	\$ 1,056,623	
Other revenues	\$ 109,309	\$ 137,956	\$ 134,247	
<b>Total Operating Revenues</b>	<b>\$ 1,048,052</b>	<b>\$ 1,091,396</b>	<b>\$ 1,190,870</b>	
<b>Total Operating Expenses</b>	<b>\$ 1,158,132</b>	<b>\$ 1,324,697</b>	<b>\$ 1,279,888</b>	
Operating Income	\$ (110,080)	\$ (233,301)	\$ (89,018)	
Interest Expense	\$ 89,393	\$ 69,072	\$ 50,738	
Grants	\$ 566,513	\$ 53,491	\$ -	
<b>Change in Net Assets</b>	<b>\$ 367,040</b>	<b>\$ (248,882)</b>	<b>\$ (139,756)</b>	
<u>Supplemental Information</u>				
Principal payment	\$ 847,958	\$ 174,040	\$ 160,943	
Depreciation	\$ 335,208	\$ 370,471	\$ 369,913	
<b>Water Rates</b>				
First 2,000 gallons	\$ 6.70			
First 1,500 gallons		\$ 8.79	\$ 8.79	
Next 13,000 gallons	\$ 2.80			
All over	\$ 2.65	\$ 4.15	\$ 4.15	
Outside Water Rates	plus 65%	plus 79%	plus 79%	
<b>Sewer Rates</b>				
Per 1,000 gallons	\$ 4.03	\$ 4.92	\$ 4.92	
Outside Sewer Rates	plus 50%	plus 61%	plus 61%	
<b>Water Loss</b>		<b>39.14%</b>	<b>37.26%</b>	
FY 09 There is a surcharge of \$10.00 per account.				
FY 09 Master meters are \$10.00 per unit served.				

**CITY WATER WORKS  
FINANCIAL REPORT  
MONTH OF JANUARY 2010**

ACCT#	DESCRIPTION	\$ MONTH	8.33%	\$ Y-T-D	58.90%	BUDGET 2009-2010
	<b>** REVENUE **</b>					
1300	Loans Proceeds	0.00				
4001	Water Receipts	56,805.45	9.52%	373,005.65	62.53%	596,500.00
4002	Sewer Receipts	42,204.85	9.51%	278,993.88	62.84%	444,000.00
4003	Water Taps	500.00	16.67%	5,864.70	195.49%	3,000.00
4004	Sewer Taps	0.00	0.00%	383.03	19.15%	2,000.00
4005	Labor	0.00		7,600.25		0.00
4006	Materials Sold	0.00		0.00		0.00
4007	Service Charges	575.00	7.19%	5,267.00	65.84%	8,000.00
4008	Late Charges	1,122.63	6.24%	8,556.64	47.54%	18,000.00
4009	After Hours Service Charge	0.00		100.00		0.00
4010	Water Surcharge	15,960.00		96,280.00		180,000.00
4011	Industrial User Fee	413.16	10.33%	3,311.56	82.79%	4,000.00
4012	Pre-Treatment	3,000.00	8.33%	19,900.00	55.28%	36,000.00
4013	Fire Hydrant Rental	0.00		73,480.00	100.00%	73,480.00
4014	Sprinkler System Fee	0.00	0.00%	1,364.60	99.97%	1,365.00
4015	Collection Fees	0.00		0.00		0.00
4018	Miscellaneous Income	264.71		766.97	76.70%	1,000.00
4020	Interest Income	36.46	12.15%	154.22	51.41%	300.00
4026	Sale of Fixed Assets	0.00		0.00		0.00
4027	State Grant Income	0.00				0.00
4028	1995 Bond Receipts	10,386.90		63,705.11		115,584.00
	<b>**TOTAL WATER &amp; SEWER REVENUE**</b>	131,269.16	8.85%	938,733.61	63.29%	1,483,229.00
	<b>** EXPENDITURES **</b>					
5001	Salary - Bookkeeper & Cashier	6,058.98	13.46%	24,430.54	54.29%	45,000.00
5002	Utilities-Heat, electric, gas	283.73	15.76%	601.25	33.40%	1,800.00
5003	Cash - Over/Short	0.00		(21.02)		
5007	Public Announcements	0.00	0.00%	418.80	31.02%	1,350.00
5009	Janitorial Supplies	0.00				
5010	Insurance - Health & Life	5,838.48	8.34%	37,775.68	53.97%	70,000.00
5011	Office Supplies	560.99	8.01%	1,914.49	27.35%	7,000.00
5012	Postage	425.93	7.10%	3,081.59	51.36%	6,000.00
5013	Insurance	0.00	0.00%	32,245.00	93.29%	34,564.00
5014	Telephone	187.23	9.36%	1,422.11	71.11%	2,000.00
5015	Office Rent	0.00				
5016	Travel/School, Meals & Mileage	600.00	30.00%	1,090.00	54.50%	2,000.00
5017	Membership Dues	0.00	0.00%	2,261.30	113.07%	2,000.00
5018	Employee Benefits	0.00	0.00%	(56.34)	-11.27%	500.00
5019	Pension Plan	159.73	0.00%	289.57		
5020	Miscellaneous Expense	3.55	0.51%	145.01	20.72%	700.00
5021	TCRS State Retirement	900.11		4,914.99	51.74%	9,500.00
5022	Audit Fee	0.00	0.00%		0.00%	4,200.00
5023	Professional Services	0.00	0.00%		0.00%	500.00
5025	Expense/Bad Debt	0.00	0.00%		0.00%	300.00
5026	Amortization Bonds	0.00				0.00
6103	Debt Service	(2,756.98)	-17.23%	2,401.23	15.01%	16,000.00
6120	Bank Service Charges	(485.35)	-12.13%	1,602.10	40.05%	4,000.00
6200	Unemployment Reimbursement	26.40	0.66%	79.20	1.98%	4,000.00
6560	Payroll Expenses	2,780.59	9.27%	15,812.60	52.71%	30,000.00
	<b>Total Administrative Expenses</b>	14,583.39	6.04%	130,408.10	54.02%	241,414.00



ACCT#	DESCRIPTION	\$ MONTH	8.33%	\$ Y-T-D	58.90%	BUDGET 2009-2010
5501	Salaries - Water	21,429.50	9.74%	129,427.47	58.83%	220,000.00
5502	Pumping-Equip-Plant	323.41	8.09%	8,672.23	216.81%	4,000.00
5503	Purification-Water Plant	1,248.60	6.24%	11,237.08	56.19%	20,000.00
5504	Transmission & Distribution	235.88	0.79%	8,550.95	28.50%	30,000.00
5505	Telephone	245.97	8.20%	1,695.76	56.53%	3,000.00
5506	Water Meters	0.00	0.00%	1,520.73	44.73%	3,400.00
5507	Uniforms	553.69	11.07%	2,628.71	52.57%	5,000.00
5508	Professional Services	60.84	0.34%	410.03	2.28%	18,000.00
5509	Miscellaneous Expense	0.00	0.00%	8.70	0.87%	1,000.00
5510	Equip, Operation & Maintenance	262.28	5.25%	1,719.98	34.40%	5,000.00
5511	Electric Power-Water Plant	3,628.33	7.26%	24,987.25	49.97%	50,000.00
5512	Booster Station	185.02	3.70%	1,282.52	25.65%	5,000.00
5513	State of TN Maintenance Fee	0.00	0.00%	2,005.90	100.30%	2,000.00
5514	State of TN Plan Review Fee	0.00		0.00		0.00
5515	Lab & Testing	324.65	4.06%	3,775.85	47.20%	8,000.00
5516	Heating/Gas	153.42	19.18%	316.14	39.52%	800.00
5517	Janitorial Supplies/Water	215.60	10.78%	1,098.45	54.92%	2,000.00
5518	Office/Computer Supplies / Water	67.10		1,295.47		500.00
5519	Fuel - Water	656.49		4,475.69		8,000.00
5520	Bldg. Maint. - Water	46.98		170.36		200.00
5521	Depreciation	18,333.31	18.33%	68,333.47	68.33%	100,000.00
5523	TML Loan Interest	3,502.64	8.76%	21,482.55	53.71%	40,000.00
5599	Call Pay	175.00	9.72%	1,085.00	60.28%	1,800.00
	Total Water Expenses	51,648.71	9.79%	296,180.29	56.13%	527,700.00
5601	Salaries - Sewer	9,138.14	7.03%	54,021.99	41.56%	130,000.00
5602	Sewer Collecting Lines	896.24	22.41%	18,350.33	458.76%	4,000.00
5603	Lift Stations	1,012.83	3.38%	8,013.19	26.71%	30,000.00
5604	Treatment & Disposal	277.68	0.62%	26,028.85	57.84%	45,000.00
5605	Lab & Testing	74.51	0.23%	12,181.36	38.07%	32,000.00
5606	De-chlorination	0.00	0.00%			2,000.00
5607	Professional Services	720.15	2.40%	9,391.60	31.31%	30,000.00
5608	Miscellaneous Expense	0.00	0.00%	395.42	26.36%	1,500.00
5609	Telephone	139.12	8.70%	809.51	50.59%	1,600.00
5610	Equip-Maint-Gas-Diesel	375.96	4.70%	1,789.02	22.36%	8,000.00
5611	Uniforms	355.67	17.78%	1,306.23	65.31%	2,000.00
5612	Janitorial Supplies	92.46	6.60%	624.23	44.59%	1,400.00
5614	State of TN Maint Fee	3,460.00	153.78%	4,840.00	215.11%	2,250.00
5615	Electric Power-Sewer Plant	2,362.65	5.91%	18,237.64	45.59%	40,000.00
5616	Equip, Maintenance - Plant	924.68	6.16%	6,628.76	44.19%	15,000.00
5617	State of TN Plan Review Fee	0.00				0.00
5618	Office/Computer Supplies / Sewer	0.00	0.00%	723.28	144.66%	500.00
5619	Fuel - Sewer	84.26	7.02%	949.05	79.09%	1,200.00
5621	Depreciation	0.00	0.00%	60,000.00	50.00%	120,000.00
5622	1993 Bond Interest	0.00				
5623	TML Loan Interest/Sewer	5,253.95	7.73%	32,223.82	47.39%	68,000.00
5624	USDA Loan Interest	2,555.53	6.50%	17,942.88	45.66%	39,300.00
5626	U.S. Bank Interest	0.00				
5627	Fixed Assets - Sewer	0.00		554.95		
	Total Sewer Expenses	27,723.83	4.83%	275,012.11	47.93%	573,750.00
	<b>** TOTAL EXPENDITURES **</b>	93,955.93	7.00%	701,600.50	52.25%	1,342,864.00

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: Town of Huntland, Franklin County  
Mayor: Terry May  
Customers: 614 water

The Town of Huntland has been experiencing a negative change in net assets for the last two fiscal years as of June 30, 2009, according to the information contained in audited financial statements.

The Town has a water plant and two wells. Until June 16, 2009, the last rate increase was in 1996.

After my visit and a rate study from MTAS, the Town plans to vote to increase the water rates by 15%. The next meeting of the Council will be on May 17, with another one on May 24. These two meetings will allow the rates to be effective July 1, 2010 and generate a full twelve months of additional revenue. The Town is also in the process of adopting policies regarding the water system.

Staff recommends the Board endorse the actions of the Town. Staff will continue to monitor the case until financial compliance is reached.



TOWN OF HUNTLAND				
HISTORY FILE				
	Audited 2007	Audited 2008	Audited 2009	
<b>Fiscal Year 6/30</b>				
Water/Sewer revenues	\$ 159,832	\$ 165,152	\$ 199,045	
Other revenues	\$ 9,945	\$ 3,886	\$ 2,357	
<b>Total Operating Revenues</b>	<b>\$ 169,777</b>	<b>\$ 169,038</b>	<b>\$ 201,402</b>	
<b>Total Operating Expenses</b>	<b>\$ 179,882</b>	<b>\$ 228,520</b>	<b>\$ 208,673</b>	
Operating Income	\$ (10,105)	\$ (59,482)	\$ (7,271)	
Interest Expense	\$ -	\$ -	\$ -	
Grants	\$ 67,218	\$ -	\$ -	
<b>Change in Net Assets</b>	<b>\$ 57,113</b>	<b>\$ (59,482)</b>	<b>\$ (7,271)</b>	
<u>Supplemental Information</u>				
Principal payment	\$ -	\$ -	\$ -	
Depreciation	\$ 58,610	\$ 64,497	\$ 61,582	
<b>Water Rates</b>			effective 6/16/09	
First 2,000 gallons	\$ 8.96	\$ 8.96	\$ 12.96	
Next 8,000 gallons	\$ 2.80	\$ 2.80	\$ 2.80	
Next 90,000 gallons	\$ 2.10	\$ 2.10		
All over	\$ 0.98	\$ 0.98	\$ 4.10	
Outside Water Rates	higher	higher	higher	
<b>Sewer Rates</b>				
Per 1,000 gallons				
Outside Sewer Rates				
Customers				614
<b>Water Loss</b>	<b>0.8999%</b>	<b>10.780%</b>	<b>12.000%</b>	

Ordinance 10-29

An Ordinance to amend Ordinance 08-21 to establish rates and charges for water service in the Town of Huntland, Tennessee.

Whereas, it appears it is in the best interest of the citizens of the Town of Huntland, Tennessee that the water rates and charges for water services in the Town of Huntland should be amended and modified.

Now, therefore, it be ordained, by the Board of Mayor and Alderman for the Town of Huntland, Tennessee as follows:

Section 1. That the base charge for water inside the Huntland City Limits shall be set at \$14.90, this is for the first 2,000 gallons used which is the minimum bill; 2,100 gallons to 10,000 gallons will be \$3.22 per thousand gallon; over 10,000 gallons will be \$4.72 per thousand gallon.

Section 2. That the base charge for water outside Huntland City Limits shall be set at \$17.45, this is for the first 2,000 gallons used which is the minimum bill; 2,100 gallons to 10,000 gallons shall be set at \$3.45 per thousand gallon; over 10,000 gallons shall be set at \$4.72 per thousand gallon.

Section 3. That the base charge for water on the water extension project (Pleasant Ridge) shall be set at \$24.10, this is for the first 2,000 gallons used which is the minimum bill; 2,100 gallons to 10,000 gallons shall be set at \$5.87 per thousand gallon; over 10,000 gallons shall be set at \$4.72 per thousand gallon.

Section 4. That the hook-up fees for all customers shall be \$50, not to be refunded.

Section 5. That the charge for cut-off fee is \$25.00 if water is cut back on during regular business hours and \$50.00 after business hours, weekends, and holidays.

Section 6. That the Tap fee inside City Limits is \$400.00 plus a \$50.00 hook-up fees plus the cost of needed road bore.

Section 7. That the Tap fee outside City Limits is \$500.00 plus a \$50.00 hook-up fee plus the cost of needed road bore.

Section 8. That larger than three quarter inch tap is to be adjusted to cost.

Section 9. That the water sold to contractors, haulers, etc. from fire hydrants metered and charged \$10.00 per thousand gallon plus tax.

Be it further ordained that all Ordinance or parts of Ordinances in conflict herewith be, and the hereby amended and/or repealed.



It is further ordained, that this Ordinance takes effect on the June 2010 billing, the welfare of the Town of Huntland, Tennessee, requiring it.

Town of Huntland

\_\_\_\_\_ Terry May, Mayor

Attest:

\_\_\_\_\_ Jayna E. Maxwell, City Recorder

Passed first reading \_\_\_\_\_

Passed second reading \_\_\_\_\_



**Town of Huntland**  
**Water**  
**Financial Projections - With 15 % Rate Increase**  
**March 15, 2010**

	FISCAL YEAR 2006-2007 AUDITED
OPERATING REVENUES	
Charges for Service	\$ 159,833
Increased Revenue	
Miscellaneous	9,405
Total Operating Revenues	<u>169,238</u>
OPERATING EXPENSES	
Water	
Contractual services	7,624
Utilities	11,691
Repair and Maintenance	4,397
Other Supplies and Expenses	97,379
Depreciation	58,610
Total Operating Expenses	<u>179,701</u>
OPERATING INCOME (LOSS)	(10,463)
NONOPERATING REVENUES (EXPENSES)	
Loss on sale of fixed assets	(180)
Interest and investment income	\$540
Grant Revenue	67,218
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>67,578</u>
CHANGE IN NET ASSETS	\$57,115
Total net assets - beginning	1,564,251
Total net assets - ending	<u>1,621,366</u>



FISCAL YEAR 2007-2008 AUDITED	FISCAL YEAR 2008-2009 ACTUAL	FISCAL YEAR 2009-2010 BUDGET	FISCAL YEAR 2009-2010 PROJECTED	FISCAL YEAR 2010-2011 PROJECTED
\$ 165,152	\$ 199,045	\$ 194,000	\$ 199,045	\$ 201,035
<u>1,355</u>	<u>25</u>	<u>10,430</u>	<u>10,430</u>	<u>29,856</u>
166,507	199,070	204,430	209,475	241,321
10,178	9,082	5,900	5,900	6,077
13,269	11,849	13,400	13,400	13,802
5,409	1,179	4,000	4,000	4,120
135,167	124,981	130,879	130,879	134,805
<u>64,496</u>	<u>61,582</u>	<u>61,582</u>	<u>61,582</u>	<u>61,582</u>
228,519	208,673	215,761	215,761	220,386
(62,012)	(9,603)	(11,331)	(6,286)	20,935
0	0	0	0	0
<u>2,532</u>	<u>2,332</u>	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>
0	0	0	0	0
<u>2,532</u>	<u>2,332</u>	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>
(\$59,480)	(7,271)	(8,931)	(3,886)	23,335
<u>1,621,366</u>	<u>\$ 1,561,885</u>	<u>\$1,554,614</u>	<u>\$1,554,614</u>	<u>\$1,562,265</u>
<u>1,561,886</u>	<u>1,554,614</u>	<u>1,545,683</u>	<u>1,550,728</u>	<u>1,585,600</u>



FISCAL YEAR 2011-2012 PROJECTED	FISCAL YEAR 2012-2013 PROJECTED	FISCAL YEAR 2013-2014 PROJECTED
---------------------------------------	---------------------------------------	---------------------------------------

\$ 203,046	\$ 205,076	\$ 207,127
29,856	29,856	29,856
<u>10,430</u>	<u>10,430</u>	<u>10,430</u>
243,332	245,362	247,413

6,259	6,447	6,641
14,216	14,643	15,082
4,244	4,371	4,502
138,850	143,015	147,305
<u>61,582</u>	<u>61,582</u>	<u>61,582</u>
225,151	230,058	235,112

18,181	15,305	12,301
--------	--------	--------

0	0	0
<u>2,400</u>	<u>2,400</u>	<u>2,400</u>
<u>0</u>	<u>0</u>	<u>0</u>
2,400	2,400	2,400

20,581	17,705	14,701
--------	--------	--------

<u>\$1,566,089</u>	<u>\$1,565,931</u>	<u>\$1,561,630</u>
<u>1,586,670</u>	<u>1,583,636</u>	<u>1,576,331</u>



WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of New Johnsonville, Humphreys County  
Mayor: Michael Pate  
Customers: 871 water and 652 sewer  
Water Loss: 34%

The City of New Johnsonville has been experiencing a negative change in net assets for at least the last four fiscal years in its water and sewer system according to the information contained in audited financial statements.

The rates in effect June 30, 2009 were:

	<u>Water</u>	<u>Sewer</u>
First 2,000 gallons	\$15.96 minimum bill	\$15.96 minimum
Next 2,000 gallons	\$ 7.98 per 1000 gallons	\$ 7.90 per 1000
Next 3,000 gallons	\$ 4.46 per 1000 gallons	\$ 3.76 per 1000
Next 15,000 gallons	\$ 2.87 per 1000 gallons	\$ 2.49 per 1000
All over	\$ 2.58 per 1000 gallons	\$ 2.26 per 1000

Effective May 1<sup>st</sup> in both 2008 and 2009, the City increased its rates. Shown above are the latest rates. The average water/sewer bill of 5,000 gallons increased almost 100% in the last two years - based on the rates shown in the audits. The rates were based on an engineering study. The City has a \$30 owner connection fee and a \$100 renter connection fee. Cut off fee for both is \$30 and the cut off policy is strictly followed.

The City recently got a loan for \$3.5 million to replace some 2" galvanized line laid in 1945 with 6" PVC line. Of 17 bidders, the total project cost is projected as \$2.7 million. Phase two of the project is to "camera" the sewer lines and replace the worst ones.

Staff projected a needed revenue increase of 18% based on the information in the audits. Since the City implemented rate increases of almost 100% based on its own needs, staff recommends the board endorse the actions of the City of New Johnsonville. Staff will continue to monitor the financial condition of the town until an audited financial statement reflects compliance.

CITY OF NEW JOHNSONVILLE					
HISTORY FILE					
	Audited 2006	Audited 2007	Audited 2008	Audited 2009	
<b>Fiscal Year 6/30</b>					
Water/Sewer revenues	\$ 631,080	\$ 627,181	\$ 629,002	\$ 752,852	
Other revenues	\$ 5,413	\$ 12,649	\$ 9,590	\$ 10,772	
<b>Total Operating Revenues</b>	<b>\$ 636,493</b>	<b>\$ 639,830</b>	<b>\$ 638,592</b>	<b>\$ 763,624</b>	
<b>Total Operating Expenses</b>	<b>\$ 630,326</b>	<b>\$ 628,058</b>	<b>\$ 640,948</b>	<b>\$ 768,048</b>	
Operating Income	\$ 6,167	\$ 11,772	\$ (2,356)	\$ (4,424)	
Interest Expense	\$ 51,030	\$ 37,174	\$ 56,464	\$ 22,912	
Grants					
<b>Change in Net Assets</b>	<b>\$ (44,863)</b>	<b>\$ (25,402)</b>	<b>\$ (58,820)</b>	<b>\$ (27,336)</b>	
<u>Supplemental Information</u>					
Principal payment	\$ 132,458	\$ 134,603	\$ 166,629	\$ 55,794	
Depreciation	\$ 178,045	\$ 175,837	\$ 172,543	\$ 170,911	
<b>Water Rates</b>					
First 2,000 gallons	\$ 11.25	\$ 11.25	\$ 12.96	\$ 15.96	
Next 2,000 gallons				\$ 0.798	
Next 3,000 gallons	\$ 2.40	\$ 2.40	\$ 3.46	\$ 0.446	
Next 15,000 gallons	\$ 1.30	\$ 1.30	\$ 1.87	\$ 0.287	
All over	\$ 1.10	\$ 1.10	\$ 1.58	\$ 0.258	
<b>Sewer Rates</b>					
First 2,000 gallons	\$ 6.75	\$ 6.75	\$ 10.37	\$ 15.96	
Next 2,000 gallons				\$ 0.79	
Next 3,000 gallons	\$ 1.20	\$ 1.20	\$ 2.76	\$ 0.376	
Next 15,000 gallons	\$ 0.65	\$ 0.65	\$ 1.49	\$ 0.249	
All over	\$ 0.55	\$ 0.55	\$ 1.26	\$ 0.226	
<b>Customers - Water</b>	<b>883</b>	<b>866</b>	<b>869</b>	<b>871</b>	
<b>Customers - Sewer</b>		<b>646</b>	<b>649</b>	<b>652</b>	
<b>Water Loss</b>		<b>30%</b>		<b>34%</b>	



**TRIMBLE CITY HALL  
P.O. BOX 215  
TRIMBLE, TENNESSEE 38259**

RECEIVED  
APR 12 2010  
BOND FINANCE

*Mayor-James A. Davis  
City Administrator-David Norsworthy  
City Recorder-Joyce Scobey*

Telephone:  
731-297-3955  
Fax:  
731-297-3172

**April 9, 2010**

**Joyce Welborn  
State of Tennessee-Div of Local Finance  
Utility Management Review Board  
414 Union St- Suite 1110  
Nashville, TN. 37243-1402**

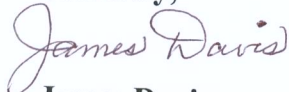
**Dear Ms. Welborn,**

**The Town of Trimble has been reported as being financially distressed based on a negative change in net assets for two consecutive years in our water and sewer system.**

**When we met with you on March 18<sup>th</sup>, you suggested we have Steve Wyatt with MTAS do a rate study. We now have Mr. Wyatt's review and are working on our plan to correct this problem.**

**We ask for a postponement of the scheduled meeting on May 13, 2010, at 10 AM in Room 31 of the Legislative Plaza in Nashville, TN. Please let us know if we need to do anything else for this postponement.**

**Sincerely,**



**James Davis  
Mayor**

WATER AND WASTEWATER FINANCING BOARD  
Case Study

Case: City of Lakeland, Shelby County  
Mayor: Scott Carmichael  
Customers: 2,300 sewer

The City of Lakeland has been experiencing a negative change in net assets for the last three fiscal years as of June 30, 2009, according to the information contained in audited financial statements.

Memphis Light, Gas and Water provides the water service and does all the billing and collecting for the Lakeland sewer system. A large part of the City is still on septic systems.

There are approximately 1,170 customers that are served by the City of Memphis. Those customers were being served prior to their annexation into the City of Lakeland. No revenue is received by Lakeland. The City of Lakeland has considered charging Memphis a “franchise fee” for these customers within the city limits of Lakeland.

Lakeland also has approximately 260 customers that pay Memphis a monthly bill for treatment, but Lakeland maintains the lines. Memphis rebates 25% of its revenue from these customers to Lakeland for maintenance. Lakeland has determined that the 25% is not sufficient to cover the maintenance of those customers, so the customers are charged an additional \$11.50 per month. The remaining thousand or so customers are solely the responsibility of the City of Lakeland. The monthly surcharges are designed to cover the depreciation amount.

Recently Lakeland reduced its minimum usage from 12,000 per month to 6,000 gallons. The plant was abandoned in the 1990’s, but is still being depreciated. It does not appear that the City is using the adopted depreciation schedule. The portion of the system that is completely under the jurisdiction of the City of Memphis is being depreciated by Lakeland.

Staff made several suggestions to the City Manager:

1. The 6,000 gallon minimum usage be reduced further;
2. The maximum bill be eliminated;
3. Correct the fixed asset records and adjust depreciation accordingly; and,
4. Consult with MTAS regarding a rate study;

On March 4, 2010, the City increased its rates 14% for residential and 9% for commercial users. That is predicted by the City to achieve compliance within a minimum of three years.

Staff recommends the Board endorse the actions of the City. However, the City should be required to deal with the suggestions discussed with staff and report to the Board within 12 months.



CITY OF LAKE LAND				
HISTORY FILE				
	Audited 2006	Audited 2007	Audited 2008	Audited 2009
<b>Fiscal Year 6/30</b>				
Sewer revenues	\$ 312,124	\$ 379,266	\$ 391,709	\$ 696,587
Other revenues	\$ 1,424,951	\$ 369,089	\$ 429,283	\$ 86,288
<b>Total Operating Revenues</b>	<b>\$ 1,737,075</b>	<b>\$ 748,355</b>	<b>\$ 820,992</b>	<b>\$ 782,875</b>
<b>Total Operating Expenses</b>	<b>\$ 823,292</b>	<b>\$ 822,519</b>	<b>\$ 1,080,872</b>	<b>\$ 1,091,340</b>
Operating Income	\$ 913,783	\$ (74,164)	\$ (259,880)	\$ (308,465)
Interest Expense	\$ 2,486	\$ 167,190	\$ 253,799	\$ 121,017
<b>Change in Net Assets</b>	<b>\$ 911,297</b>	<b>\$ (241,354)</b>	<b>\$ (513,679)</b>	<b>\$ (429,482)</b>
<u>Supplemental Information</u>				
Principal payment			\$ 398,000	\$ 360,191
Depreciation	\$ 245,826	\$ 238,879	\$ 417,731	\$ 519,333
<b>Sewer Rates</b>				
<u>Residential</u>				
Minimum per month		\$ 12.00	\$ 12.00	\$ 12.00
Maximum per month		\$ 30.00	\$ 30.00	\$ 30.00
per CCF		\$ 0.717	\$ 0.717	\$ 0.717
monthly surcharge				\$ 10.00
user of Memphis sewer				\$ 11.50
<u>Commercial</u>				
Minimum per month		\$ 45.00	\$ 45.00	\$ 45.00
Maximum per month		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
per CCF		\$ 1.00	\$ 1.00	\$ 1.00
monthly surcharge				\$ 10.00

City of Lakeland									
Projections									
				0%	Growth rate	Growth rate	Growth rate	Growth rate	Growth rate
	Audited	Projected			Projection	Projection	Projection	Projection	Projection
	2009	2010			2011	2012	2013		2014
<b>Fiscal Year 6/30</b>									
Sewer revenues	\$ 696,587	\$ 696,587			\$ 696,587	\$ 696,587	\$ 696,587	\$ 696,587	\$ 696,587
Other revenues	\$ 86,288	\$ 86,288			\$ 86,288	\$ 86,288	\$ 86,288	\$ 86,288	\$ 86,288
				70%	\$ 487,611	\$ 487,611	\$ 487,611	\$ 487,611	\$ 487,611
<b>Total Operating Revenues</b>	<b>\$ 782,875</b>	<b>\$ 782,875</b>			<b>\$ 1,270,486</b>	<b>\$ 1,270,486</b>	<b>\$ 1,270,486</b>	<b>\$ 1,270,486</b>	<b>\$ 1,270,486</b>
<b>Total Operating Expenses</b>	<b>\$ 1,091,340</b>	<b>\$ 1,124,080</b>		3%	<b>\$ 1,157,802</b>	<b>\$ 1,192,536</b>	<b>\$ 1,228,313</b>	<b>\$ 1,265,162</b>	
Operating Income	\$ (308,465)	\$ (341,205)			\$ 112,684	\$ 77,949	\$ 42,173	\$ 5,324	
Interest Expense	\$ 121,017	\$ 35,307			\$ 33,630	\$ 31,886	\$ 30,073	\$ 28,185	
<b>Change in Net Assets</b>	<b>\$ (429,482)</b>	<b>\$ (376,512)</b>			<b>\$ 79,054</b>	<b>\$ 46,063</b>	<b>\$ 12,100</b>	<b>\$ (22,861)</b>	
<u>Supplemental Information</u>									
Principal payment	\$ 360,191	\$ 430,000			\$ 447,000	\$ 465,000	\$ 484,000	\$ 503,000	
Depreciation	\$ 519,333	\$ 519,333			\$ 519,333	\$ 519,333	\$ 519,333	\$ 519,333	
<b>Sewer Rates</b>									
<u>Residential</u>									
Minimum per month	\$ 12.00								
Maximum per month	\$ 30.00								
per CCF	\$ 0.717								
monthly surcharge	\$ 10.00								
user of Memphis sewer	\$ 11.50								
<u>Commercial</u>									
Minimum per month	\$ 45.00								
Maximum per month	\$ 1,000.00								
per CCF	\$ 1.00								
monthly surcharge	\$ 10.00								



**JURISDICTION LIST OF THE WATER AND WASTEWATER FINANCING BOARD 05/13/2010**

<b><u>SYSTEM</u></b>	<b><u>COUNTY</u></b>	<b><u>LAST AUDIT</u></b>	<b><u>LAST BD APPEARANCE</u></b>
City of Alcoa	Blount/Monroe	2009	May-10
City of Allardt	Fentress	2009	Jul-10
City of Bells	Crockett	2008	Nov-08
City of Bluff City	Sullivan	2010	Sep-10
City of Bolivar	Hardeman	2008	Nov-08
Town of Bulls Gap	Greene	2008	Sep-09
Town of Byrdstown	Pickett	2009	Jul-10
Town of Centerville	Hickman	2009	Jul-10
City of Charlotte	Dickson	2009	Jul-10
Town of Decaturville	Decatur	2008	Nov-09
City of Decherd	Franklin	2009	May-10
Duck River Utilities Commission	Coffee	2008	Jan-08
City of Dyer	Gibson	2009	Sep-10
City of Friendship	Crockett	2008	Nov-09
City of Gatlinburg	Sevier	2009	May-10
Town of Gibson	Gibson	2009	Sep-09
City of Gordonsville	Smith	2009	Sep-10
City of Humboldt	Gibson/Madison	2009	Sep-10
Town of Huntland	Franklin	2009	May-10
Town of Huntsville	Scott	2009	Jul-10
Joint Sewerage System	Sullivan	2009	Jul-10
City of Lafayette	Macon	2009	Jul-10
City of Lakeland	Shelby	2009	May-10
City of Luttrell	Union	2009	Sep-10
Town of Mason	Tipton	2004	May-10
City of McEwen	Humphreys	2009	Sep-10
Town of McLemoresville	Carroll	2009	Jul-10
City of Memphis	Shelby	2010	Sep-10
City of Milan	Gibson	2009	Sep-09
City of Millersville	Robertson/Sumner	2009	Sep-10
City of Millington	Shelby	2008	Sep-09
Town of Newbern	Dyer	2009	Jul-10
City of New Johnsonville	Humphreys	2009	May-10
City of Paris	Henry	2009	Nov-09
City of Puryear	Henry	2009	Sep-10
City of Rives	Obion	2009	Jul-10
Town of Rutherford	Gibson	2009	Sep-10
City of Savannah	Hardin	2009	Sep-10
Sevier Water Board	Sevier	2009	Sep-10
Town of Somerville	Fayette	2009	Sep-10
Town of Stanton	Haywood	2009	Jul-10
Town of Toone	Hardeman	2008	Nov-09
Town of Trimble	Dyer/Obion	2009	May-10
Town of Vonore	Blount/Monroe	2008	Sep-09
City of Whitwell	Marion	2008	Mar-10

HOUSE BILL 3603  
By Fitzhugh

SENATE BILL 3690

By McNally

AN ACT to amend Tennessee Code Annotated, Section 7-82-401 and Section 68-221-1010, relative to utility districts, water systems and wastewater facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-401, is amended in subsection (h)(1) by adding the following language after the first sentence thereof:

Failure of the utility district to include the schedule required in this section constitutes excessive water loss and the utility district shall be referred to the utility management review board.

SECTION 2. Tennessee Code Annotated, Section 68-221-1010, is amended in subsection (d)(1) by adding the following language after the first sentence thereof:

Failure of the water system to include the schedule required in this section constitutes excessive water loss and the water system shall be referred to the water and wastewater financing board.

SECTION 3. This act shall take effect July 1, 2010, the public welfare requiring it.



Amendment No. 1 to HB3603

Todd  
Signature of Sponsor

AMEND Senate Bill No. 3690

House Bill No. 3603\*

by adding the following as new, appropriately designated sections immediately preceding the effective date section and by renumbering the effective date section accordingly:

SECTION \_\_. Tennessee Code Annotated, Section 7-82-401(g)(1), is amended by adding the following language after the second sentence:

Notwithstanding any other law to the contrary, a government joint venture that supplies or treats water or wastewater for wholesale use only to other governments, shall not fall under the jurisdiction of the utility management review board for the purpose of reporting negative change in the net assets annually, but shall be referred to the board if the government joint venture is in a deficit or default position as provided herein.

SECTION \_\_. Tennessee Code Annotated, Section 68-221-1010(a), is amended by adding the following language after the first sentence:

Notwithstanding any other law to the contrary, a government joint venture that supplies or treats water or wastewater for wholesale use only to other governments, shall not fall under the jurisdiction of the water and wastewater financing board for the purpose of reporting negative change in the net assets annually, but shall be referred to the board if the government joint venture is in a deficit or default position as provided herein.